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RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEAHLG/HOMELAND SECURITY CENTER WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
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RUEATRS/DEPT OF TREASURY WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 001135

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STATE PASS DOE FOR DAS GPERSON AND CGAY
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STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

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TAGS: [EPET](#) [PGOV](#) [ASEC](#) [PTER](#) [PINR](#) [NI](#)
SUBJECT: KIDNAPPINGS & OIL PRODUCTION: BUSINESS AS USUAL

REF: LAGOS 627

Classified By: Consul General Brian L. Browne for Reasons 1.4 (D & E)

SUMMARY

¶1. (C) Recent militant activity in the Niger Delta has constricted oil company and service contractors' activities in the region. Fortunately, however, production has not significantly declined because of the recent kidnappings. However, both oil companies and service contractors have, to varying degrees, restricted employees, movements. Similarly, expatriate staffing has become increasingly difficult for some companies. What follows is a brief survey of some of the American firms in the region. We have also included Shell because it is the largest player in this sector. END SUMMARY.

Bakers Hughes

¶2. (C) Service contractor Baker Hughes, who primarily works on offshore rigs, is maintaining normal business hours. Since the May 10 murder of an employee (reftel), Baker Hughes has been operating with 50 percent of its normal expatriate staff. Expatriates are limited to the compound (no evening or public venues) and Nigerian national employees are used in the riverine and swamp areas. All non-essential expatriate personnel and dependents have left the country.

Chevron

¶3. (C) Chevron's production, maintenance, and service operations have not been inhibited by recent events. However, Chevron management is seriously concerned kidnapping is becoming a for profit business and has thus escalated its security levels. For example, all expatriate staff in Port Harcourt have been pulled into one residential facility and their movements are restricted to work and the housing compound.

14. (C) Chevron,s ongoing oil and Agbmi deepwater activities in Escravos, Delta State, have not been interrupted. Chevron is able to move food and fuel via offshore vessels. However, militant threats have impeded waterway transports, particularly the construction of gas projects requiring land and creek transport. If need be, Chevron contacts said they can alternate between the Onne Free Zone and Warri for supplies and logistics. Chevron noted that it is more effective for them to hire contractors in matters requiring heavy equipment, like gas into liquid projects.

ConocoPhilips

15. (C) ConocoPhilips reports that the recent kidnappings have not resulted in personnel moves that decreased production. ConocoPhilips allows employees and visitors into Port Harcourt, but has requested they not travel or move after dark. Employees have been told to &keep away from the bars.8 (Note: ConocoPhilips has only one employee permanently based in Port Harcourt. The others are transient, going to Port Harcourt for a few days or weeks at a time. End Note.)

ExxonMobil

16. (C) ExxonMobil has not reported a decrease in production. Since the bulk of its operations are in Akwa Ibom, maintenance and preventative activities have not been impeded

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by recent events. ExxonMobil requires special permission and waivers for employee travel into Port Harcourt. ExxonMobil is considering basing its employees and their families in Lagos and flying workers to Port Harcourt during the week.

Shell

17. (C) Aside from expatriate staffing difficulties, Shell reported its activities remain normal and that the recent kidnappings have not altered production. Shell has issued travel advisories for its expatriates and has limited travel to Port Harcourt to essential business. However, travel within Port Harcourt is open because Shell has found it difficult to restrict the movement of its thousands of Nigerian employees and does not want to have a different standard for expatriates than local staff.

Tidex

18. (C) Service contractor Tidex has moved all employees from Port Harcourt to Onne. Employees are under lockdown. Only necessary travel into Port Harcourt is allowed with mobile police escorts. This vigilance is expected to continue through the foreseeable future.

COMMENT

19. (C) Production has not been materially affected by the proliferate kidnappings. However, should the kidnappings continue unabated, firms will become more restrictive and their heightened security controls could inhibit their ability to operate and current production levels. Additionally, some firms will find it hard to hire expatriate workers. If the companies have to restrict the movement and access of their employees to their facilities and projects in

the creeks outside of Port Harcourt, this cannot but have a corrosive effect on labor productivity and production levels over time. END COMMENT

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BROWNE